



Training Proposal for:
Bottling Group LLC dba Pepsi Beverages Company
Agreement Number: ET12-0221

Panel Meeting of: **December 16, 2011**

ETP Regional Office: **Sacramento**

Analyst: L. Lai

PROJECT PROFILE

Contract
Type: Priority/Retrainee

Industry
Sector(s): Manufacturing

Counties
Served: Fresno and Sacramento

Repeat
Contractor: ☐ Yes ☒ No

Union(s): ☒ Yes ☐ No
United Steel Workers
Local #555 and #565

Priority
Industry: ☒ Yes ☐ No

No. of Employees in CA: 12,000

No. of Employees Worldwide: 150,000

Turnover Rate %	Manager/ Supervisor %
3%	9%

FUNDING DETAIL

Program Costs	Substantial Contribution	Total ETP Funding
\$448,920	\$0	\$448,920

In-Kind Contribution
\$999,630

TRAINING PLAN TABLE

Job No.	Job Description (by Contract Type)	Type of Training	Estimated No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	Priority/Retrainee	Business Skills, Continuous Improvement, Manufacturing Skills	290	24 - 200	0	\$1,548	\$16.00
				Weighted Avg: 86			

Minimum Wage by County: \$14.09 per hour for Fresno County and \$15.16 for Sacramento County.

Health Benefits: ☒ Yes ☐ No This is employer share of cost for healthcare premiums – medical, dental, vision.

Used to meet the Post-Retention Wage?: ☐ Yes ☒ No

Although employer provides health benefits, they are not being used to meet Post-Retention Wage.

Wage Range by Occupation	
Occupation Title	Wage Range
Production/Warehouse Staff	
Office/Resource Staff	
Supervisor/Manager	

INTRODUCTION

In this proposal, Bottling Group LLC dba Pepsi Beverages Company (PBC Sac-Fresno or Company) seeks funding for retraining as outlined below:

Bottling Group LLC is a wholly-owned subsidiary of the international conglomerate PepsiCo. In February 2010 PepsiCo acquired five California facilities in Riverside, Buena Park, Fresno, Sacramento, and Hayward. All five facilities have submitted separate proposals for ETP-funded training this Fiscal Year. This proposal targets incumbent workers at the plants in Sacramento and Fresno. Bottling Group LLC is also bringing a proposal for training this month at the newly-acquired bottling plant in Hayward (ET12-0220). Total funding amount for Bottling Group LLC when combined with funding requested on behalf of the other facilities, will not exceed \$1,200,000. Proposals for the other facilities will be presented at the Panel Meeting in January 2012.

The company is eligible for standard retraining and priority industry reimbursement as a manufacturer.

PBC Sac-Fresno markets, and distributes non-alcoholic beverages, primarily the Pepsi trademark and other PepsiCo brands. As a bottler, PBC Sac-Fresno purchases concentrated forms of its beverages from concentrate manufacturers. PBC Sac-Fresno then uses these

concentrates to produce the finished beverages, which it then packages and distributes directly to retailers.

The Sacramento facility has been in operation since 1971 and currently employs 496 Californians; the Fresno plant has been in operation since 1981 and has 422 workers. PBC Sac-Fresno manufactures carbonated and non-carbonated soft drinks packaged in aluminum cans, and Bag-in-box for distribution in retail and food service. Currently the two locations produce upward of 52 million cases of product annually.

During the last two years, the Fresno plant invested approximately \$30 million in automation and new equipment for the manufacturing of polyethylene terephthalate (PET) bottles in North America and a new can line.

PROJECT DETAILS

The Company's goals are to remain competitive in the global economy and grow its business through improving production capability and efficiency, and reducing waste. To align with the parent company's mission and vision while competing for profits against competitors such as Coca Cola, Jamba Juice, Starbucks, etc., PBC Sac-Fresno plans to implement two new initiatives: Total Productive Manufacturing (TPM) and High Performance Work Systems (HPWS).

The objective of the two initiatives is a march to zero losses to scrap and waste, zero safety incidents, zero product quality issues, zero customer complaints, and zero adverse environmental impacts. To achieve the objective, it is imperative that employees' skills sets, ownership, motivation and leadership be improved. Improving the skills of employees and producing more efficiently will also allow the Sacramento and Fresno plants to be more competitive and be considered for site expansion within the structure of its parent company, PepsiCo, resulting in greater job retention, upward mobility, and new jobs creation.

PBC Sac-Fresno proposes to train its employees in the following:

Business Skills training will be provided to all occupations. As the company moves to a high performance work system, all employees are placed on structured teams. As a result, all workers will need to refine their communication skills, customer relations techniques, project management, and understanding applications and products and its affects on business basics and performance.

Continuous Improvement training will be provided to occupations as part of implementing the TPM and HPWS initiatives. Training will be provided in topics such as quality concepts, Just-In-Time processes, team building, problem solving, leadership, and preventive maintenance.

Manufacturing Skills training is proposed for all production/warehouse staff as well as supervisors and managers. Curriculum topics will include production equipment operations, maintenance, and repair. Cross training will also be provided to ensure a full understanding of the entire manufacturing process which will be a part of the overall TPM initiative.

Union Support

United Steel Workers Local #555 and #565 support this training for their members to secure their long-term employment in high-wage, high-skill jobs. All trainees except for 13

production/warehouse staff, 14 supervisors/managers, and 5 office/resource staff are covered by a collective bargaining agreement with the United Steel Workers Union.

Commitment to Training

The company represents that ETP funds will not be used to displace its existing financial commitment to training. PBC Sac-Fresno's current training budget of \$450,000 between the two plants will continue to be dedicated to new employee orientation, manufacturing on-the-job training, safety and hazardous materials, management skills, clinical trials, forklift training, basic computer skills; and anti-harassment training. PBC Sac-Fresno represents that safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

High Unemployment Area

Workers at the Fresno plant work in a High Unemployment Area (HUA). This is a region with unemployment exceeding the state average by 15%. (Title 22, California Code of Regulations, Section 4429(b).) The determination of HUA status is based on unemployment data from the Labor Market Information Division of the Employment Development Department. The company's location in Fresno County qualifies for HUA status under these standards, however PBC is not asking for wage or retention modification.

RECOMMENDATION

For the reasons set forth above, staff recommends approval of this proposal.

DEVELOPMENT SERVICES

PBC Sac-Fresno retained Training Grants Intelligence (TGII) in Loveland, Ohio to assist with development of this proposal at no charge.

ADMINISTRATIVE SERVICES

PBC Sac-Fresno also retained TGII to perform administrative services in connection with this proposal for a fee not to exceed 10% of payment earned.

TRAINING VENDORS

Trainers will be identified for ETP record-keeping purposes, as they are retained by PBC Sac-Fresno.

Exhibit B: Menu Curriculum**Class/Lab Hours**

24 – 200

Trainees may receive any of the following:

BUSINESS SKILLS

- Business Performance/Skills Enhancement
- Business Basics
- Business Run Right
- Business Training for Skills
- Communication Skills
- Project Management
- Systems, Applications and Products
- High Performance Work Teams (HPWS)
- Wow Consumers
- Productivity to Grow
- Winning Together
- Make it Here
- Simply Zero

CONTINUOUS IMPROVEMENT

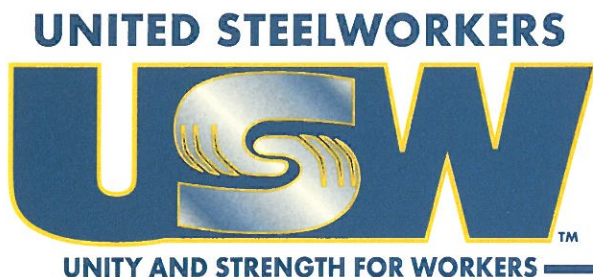
- Leadership Skills for Frontline Workers
- Quality Concepts
- Just in Time Processes
- Process Improvement
- Teambuilding
- Problem Solving
- Quality Good Manufacturing Practices
- Early Management
- Focus Improvement
- Material Improvement
- Preventative Maintenance
- Quality Management
- Organizational Capability Continuous Improvement

MANUFACTURING SKILLS

- Production Equipment Operation and Maintenance
- Cross Training in Operations and Maintenance
- Total Productive Manufacturing
- Autonomous Maintenance
- Operator Process/Equipment
- Technician Processes
- Maintenance Processes

- Electrical & Electronic Equipment Operation, Maintenance and Repair
- Pneumatic Equipment Operation
- Electrical Systems Technology
- Kronos Overhaul Training

Note: Reimbursement for retraining is capped at 200 total training hours per trainee regardless of the method of delivery.



Local 555

October 10, 2011

Employment Training Panel
1100 J Street
Sacramento, CA 95814

Dear Panel Members,

We understand that Pepsi Beverages Company is requesting an Employment Training Panel contract with your office. The training curriculum proposed by Pepsi Beverages Company will significantly help to increase the capability of their employees. We do not want our members left behind because their skills may be lacking.

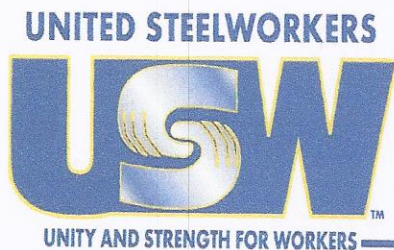
The contract with your office is exactly what is needed to help these employees gain the new skills required to operate in a continuous improvement environment. We believe that these kinds of cooperation arrangements between Labor, Management, and the Public Sector are beneficial to all parties and we fully support them and your efforts. We also have reviewed the proposed training plan and determined it to be in furtherance of both Union and Corporate objectives.

If I can be of further assistance, please do not hesitate to call or contact me.

Sincerely,

Local 555 Union
President
Peter Terrazas

Peter_1@att.net
559-289-0930 (cell)
559-277-9164 (home)
5619 W. University
Fresno Ca. 93722



Local 565

November 1, 2011

Employment Training Panel
1100 J Street
Sacramento, CA 95814

Dear Panel Members,

We understand that Pepsi Beverages Company is requesting an Employment Training Panel contract with your office. The training curriculum proposed by Pepsi Beverages Company will significantly help to increase the capability of their employees. We do not want our members left behind because their skills may be lacking.

The contract with your office is exactly what is needed to help these employees gain the new skills required to operate in a continuous improvement environment. We believe that these kinds of cooperation arrangements between Labor, Management, and the Public Sector are beneficial to all parties and we fully support them and your efforts. We also have reviewed the proposed training plan and determined it to be in furtherance of both Union and Corporate objectives.

If I can be of further assistance, please do not hesitate to call or contact me.

Sincerely,

Local 565 Union
President
Greg Kreiter

Gregkreiter7@gmail.com
209-747-2893 (Cell)